

TEACHERS' RETIREMENT BOARD
BENEFITS AND SERVICES COMMITTEE

SUBJECT: POST-RETIREMENT EARNINGS LIMITATION

ITEM NUMBER: 7

ATTACHMENT(S): 1

ACTION: _____

DATE OF MEETING: October 12, 2000

INFORMATION: X

PRESENTER(S): Lynda Bridges

Retired members may return to post-retirement employment within the California public school system. However, the law limits the amount of compensation that may be earned by a retired member for creditable service performed as an employee of a public school district, an employee of a third party, or an independent contractor or consultant.

Currently, the earnings limitation for the 2000/2001 fiscal year is \$19,650, unless you qualify for various exemptions to this limit. Legislation will increase this amount to \$22,000 effective January 1, 2001. The \$22,000 will become the base amount to be adjusted each July 1 by the change in the California Consumer Price Index.

New legislation will expand the conditions which qualify retired members for exemption from the earnings limitation. The intent of the exemptions is to temporarily permit retired members to return to post-retirement employment until a pool of qualified, experienced educators meets the demand of California's public education system.

The attached matrix describes the eligibility, type of employment and sunset date for the exemptions to the post-retirement employment earnings limitation. It is anticipated that many of the 18,000 members who return to post-retirement employment as well as additional retired members will qualify for an exemption. It should be noted that, as of the writing of this agenda item, the Governor has signed two of the four legislative bills. Staff are presenting this item in anticipation of his signature and are in the process of finalizing an Employer Directive to share these changes with the school districts at the earliest possible opportunity.

EXEMPTION FROM POST-RETIREMENT EARNINGS LIMITATION FOR MEMBERS RETIRED FOR SERVICE

BILL NO.	EFFECTIVE DATE	SUNSET DATE	ELIGIBILITY	TYPE OF EMPLOYMENT
CURRENT LAW	JULY 1, 1996	JUNE 30, 2002	Any member retired for service on or before July 1, 1998.	<p>School districts and charter schools may request an exemption from the post-retirement earnings limitation for a qualified member who:</p> <p>Retired for service on or before July 1, 1998; and,</p> <ul style="list-style-type: none"> ➤ Is employed to provide direct classroom instruction to students in Grades Kindergarten through 12 until (1) permanent teachers can be recruited to instruct in newly created classes (Grade K-3), or (2) temporarily fill positions in Grades 4 through 12 that were vacated due to transfers to Grades K-3 within the same school district, or ➤ Is employed to teach Grade 9 English, Math, Science or Social Studies.
SB 1666	UPON GOVERNOR'S SIGNATURE OF SB 1330.	JUNE 30, 2005	Any member retired for service on or before January 1, 2000.	Employers may request an exemption if the retired member provides direct classroom instruction in Grade K-12 or participates in specific teacher preparation programs.

BILL NO.	EFFECTIVE DATE	SUNSET DATE	ELIGIBILITY	TYPE OF EMPLOYMENT
AB 1733	JAN. 1, 2001	January 1, 2008	Any member retired for service who has not performed creditable service for at least 12 consecutive months after retirement.	Appointed in a position to perform creditable service as an employee of an employer, as an employee of a third party, or as an independent contractor within the California public school system.
		NONE	Any member retired for service who has continuously performed creditable service since retirement without a 12 month break, or does not qualify for an exemption.	As of January 1, 2001, earnings limitation is increased to \$22,000 for fiscal year 2000/01. This amount will be adjusted each fiscal year based on the California Consumer Price Index.
AB 1736 *	JAN. 1, 2001	NONE	Any member retired for service on or before July 1, 2000.	Appointed to a position to provide direct remedial instruction to pupils in grades 2 to 12.

BILL NO.	EFFECTIVE DATE	SUNSET DATE	ELIGIBILITY	TYPE OF EMPLOYMENT
CURRENT LAW	JULY 1, 1995	JUNE 30, 2003	Any member retired for service	<p>1. EXEMPTION FOR A LIMITED-TERM APPOINTMENT OR ASSIGNMENT:</p> <ul style="list-style-type: none"> ➤ A member retired for service who is: (1) appointed as a trustee or administrator by the Superintendent of Public Instruction pursuant to Section 41320.1, or (2) assigned by a county superintendent of schools in a financially insolvent school district may be exempt from post-retirement earnings limitation for a maximum of two years. <p>2. EXEMPTION FOR EMPLOYMENT IN AN EMERGENCY SITUATION:</p> <ul style="list-style-type: none"> ➤ A member retired for service who is temporarily employed to fill a vacant administrative position that was unanticipated and occurred due to circumstances beyond the control of employer may be exempt from the post-retirement earnings limitation for up to one-half of the full-time equivalent for that position. <p>In addition to the exempt compensation, retired members may also earn up to the amount of the earnings limitation for creditable service performed in the California public school system.</p>
AB 141 *	JULY 1, 1999	DEC. 31, 2000		Allows school districts to request an additional exemption/extension from the post-retirement earnings limitation for up to one-half of the full-time equivalent if the employer is unsuccessful after making several attempts to permanently fill the administrative position while the position was temporarily occupied by a retired member.

* SIGNED BY GOVERNOR